

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 NEA-06 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01

H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 PRS-01 PA-01 USIA-06 /099 W

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R 191711Z DEC 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6918

INFO AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY OSLO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L BONN 19506

E.O. 11652: N/A

TAGS: ENRG, EFIN, GW

SUBJECT: OIL CONSUMER/PRODUCER NATION MEETING

REF: STATE 276016

1. DURING CONVERSATION WITH FOREIGN MINISTRY
ECONOMICS DIRECTOR HERMES, THE ECONOMIC/COMMERCIAL
MINISTER DREW ON THE GUIDANCE PROVIDED IN REFTEL
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IN DISCUSSION AGREEMENT REACHED IN MARTINIQUE.

HERMES REMARKED THAT THE FRENCH IN CONVERSATIONS WERE ADOPTING SOMEWHAT DIFFERENT EMPHASIS IN STRESS IN THAT ALL EFFORTS SHOULD BE DIRECTED TOWARD PREPARING FOR THE MARCH CONSUMER/PRODUCER MEETING.

2. HERMES SAID THAT THE FRG STILL HAD SERIOUS MISGIVINGS ABOUT THE 25 BILLION DOLLAR "SAFETY NET" PROPOSAL. HE SAID HE HAD VISIONS OF ARABS BUYING UP GERMAN INDUSTRIES WITH THE GERMAN GOVERNMENT THEN TURNING AROUND AND LENDING MONEY TO ITALY OR THE UK WITH NO HOPE OF EVER GETTING IT BACK. HE SAID THE FRG STILL PREFERRED A FACILITY WITHIN THE IMF, PERHAPS AN EXPANSION OF THE EXISTING OIL FACILITY. HERMES ADMITTED THAT THE FRENCH WERE MUCH MORE POSITIVE TOWARD THE SAFETY NET PROPOSAL AND SAID THAT WHEN CHANCELLOR SCHMIDT CALLED GISCARD AND EXPLAINED HIS RESERVATIONS IMMEDIATELY AFTER CHICAGO SPEECH THERE WAS A LONG PAUSE, AFTER WHICH GISCARD SAID HE DID NOT THINK IT WAS SUCH A BAD IDEA AT ALL. WE STRESSED TO HERMES THE RELATIVE ADVANTAGE OF OUR PROPOSAL IN TERMS OF GERMAN INTERESTS AND URGED WISDOM OF GERMAN CAREFUL CONSIDERATION OF THE PROS AND CONS. WE ALSO MENTIONED CHANCELLORY ECONOMICS DIRECTOR HISS (WHO WAS IN WASHINGTON WITH CHANCELLOR) HAD REPORTED IN AN EARLIER CONVERSATION THAT CHANCELLOR SCHMIDT WAS "NOT UNMOVED" BY THE ARGUMENTATION IN WASHINGTON IN FAVOR OF OUR PROPOSAL.

3. HERMES HAD NO CLEAR VIEWS ON HOW THE FRENCH WOULD COORDINATE THEIR POSITION WITH THE IEA NOR ON THE LOCUS OF DISCUSSION LEADING UP TO THE PREPARATORY CONFERENCE. HE WAS AWARE OF THE POSSIBILITY OF THE EC PLAYING A ROLE BUT TOOK NO POSITION ON IDEA.

4. WE DREW ON GUIDANCE IN REFTEL IN DEALING WITH HERMES DOUBTS AS TO WHETHER REAL PROGRESS WAS MADE IN MARTINIQUE. HERMES CONCLUDED EVEN SO THAT WE WOULD HAVE DIFFICULTIES WITH FRENCH IN CONFIDENTIAL

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WORKING OUR WAY TO CONSUMER/PRODUCER CONFERENCE. CASH

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